

Attendees**Co-Conveners:**

Stephen Bernath & Craig Partridge

Workgroup Members:

John Arum, Tim Boyd, Clare Breidenich, Michelle Connor, Kyle Davis, Danielle Dixon (via phone), Edie Sonne Hall, Llewellyn Matthews, John Miller, Debora Munguia, Heath Grant Packard, Miguel Perez-Gibson, Kevin Raymond, Bill Robinson, Steve Stinson. Absent: Phil Rigdon

Guest:

Janice Adair, Department of Ecology

Observers:

Adrian Miller, WFPA

Bruce Lippke, UW College of Forest Resources (via phone)

Cameron Smith, Oregon Governor's Office

Dan Coyne, Simpson/Green Diamond

David Whipple, WDFW

Denise Pranger, NW Natural Resource Group (via phone)

Gary Wilburn, Senate Staff

George Schunk, Ecotrust

Jaclyn Ford, Counsel for Washington State House of Representatives (via phone)

Jay Gregory, Longview Fibre

John Charba, HRC

Kirk Cook, WSDA

Kristen Sawin, Weyerhaeuser

Larry Kvidera, CTED

Mary Fleckenstein, House Democratic Staff

Mike Doherty, Clallam County

Paula Swedeen, Pacific Forest Trust

Staff support:

Jerry Boese and Andy Chinn, Ross & Associates Environmental Consulting

Welcome from Janice Adair, Stephen Bernath, and Craig Partridge

Janice Adair, Special Assistant to Jay Manning at the Department of Ecology, welcomed the Workgroup members to this first meeting and provided background on the relationship between forests and climate change and how that thinking has led to the development of the Forest Sector Workgroup. She made the following points:

- Pacific Northwest stakeholders have recognized that forests can contribute to the market under a cap and trade program, particularly a recognition that forestry can be a more active participant in the market for carbon storage.
- Washington's solution to the question of how forestry lands can participate in an offset or credit program must meet the needs of both buyers and sellers, and has to be recognized by the international markets.

- The Forestry Workgroup may look at some of the recommendations from the 2007 Climate Advisory Team and will be connected to the 2008 Climate Action Team through membership crossover (either through members participating on both groups or through organizational representation on both groups). Ms. Adair handed out a one-page chart (Labeled “Figure 1: Relationship of 2008 WA Climate Activities”) that outlines the various working groups and their interrelationships.
- Ms. Adair will be available for future meetings of the Forestry Workgroup to provide updates on the Western Climate Initiative (WCI) and any additional assistance as needed.
- Regarding the timing of the WCI recommendations vis-à-vis the timing of this Workgroup, Ms. Adair indicated that WCI’s August recommendations will be “high level” and not final, therefore this Workgroup’s products will be very relevant.
- In response to a question, she reported that Ecology has decided to award the contract for research on programs/protocols already in use to the University of Washington’s College of Forest Resources.

Craig Partridge and Stephen Bernath welcomed the members of the Workgroup. They commented that this group has the potential to be the first to figure out how to market commercial forestry in the carbon market. A carbon market has the potential to help stabilize Washington’s forest land base, and every acre of forest that remains in forestry in Washington makes Ecology’s job easier from a pollution standpoint. Although not specifically mandated by [E2SHB 2815](#), this group could have a significant influence in the next legislative session if it is able to reach consensus.

Introductions and Remarks from Workgroup Members

Workgroup members were given the opportunity to introduce themselves and briefly describe their expectations of the process. Members made the following comments:

- The forest sector will play a large role in a meaningful response to climate change, including a cap and trade program. Consensus around these issues may be difficult but is achievable, and preserving private working forests and safeguarding their public benefits is an important goal. Promoting economic opportunities, incentives, and programs within a cap and trade system will be critical in order to make working forests more economical and attractive than conversion to non-forest uses, as well as providing co-benefits to the public. From a process standpoint it is important that members communicate the same message both within the group and outside of the group.
- Keeping the working forest landscape intact for Washington’s economy is a high priority that may require a policy framework to address regulatory, economic, and other stressors on forest landowners. Time permitting, the group should consider the urban and community forest recommendations from the 2007 [Technical Working Group \(TWG\)](#) on forestry.
- Forests play a key role in climate change mitigation by increasing on-site carbon storage, through the use of wood products for carbon storage, and through biomass for energy. Forests can also negatively impact climate change through land conversion, disturbance, and degradation. Forests are dynamic, and the group’s recommendations should include practical policies that account for this dynamism in order to reduce greenhouse gas emissions and increase climate change mitigation benefits.
- Sustainably managed forests need to remain on the landscape. Disincentives to forest management, either intended or unintended, put more pressure on climate change due to

increased risk of conversion. There are no laws requiring forest owners to remain in forestry, and the group should recommend some level of incentives to keep landowners on the landscape. Carbon credits will not automatically prevent land conversion, however the solution is not additional regulations, penalties, and stricter land use regulations.

- The group should consider environmental services and how intact forests can be properly valued so that local residents may benefit from them. If possible this model would be sufficiently developed to include state trust lands to benefit junior taxing districts that are dependent upon revenue from state-owned trust lands.
- The group will be grappling with forestry issues that have arisen in other countries' national plans and targets, as well as within the Clean Development Mechanism provisions of the Kyoto Protocol.
- A central question for the group to consider is the development of carbon offsets and their monetization. Ideally low-cost offsets would provide local benefits rather than go out-of-state.
- The primary goal of private forest landowners is to keep the land in forestry for perpetuity. The family forest owner constituency is interested in the development of the carbon market and is monitoring the concept of additionality, baselines, and permanence, among other items. We'd like to stay out of a cap. The issue of carbon has been around for at least two decades, and this group has the opportunity to address it in a meaningful way.
- Carbon trading is a viable mechanism to keep forest lands in forestry as well as improve forest health. The State of Washington should become a role model for the nation in the creation of workable guidelines for a market-based trading mechanism.
- The group's outlook should be the creation of opportunities for working forests, rather than constraints. As co-chair of the Western Climate Initiative, Washington has a unique opportunity to lead the effort to incorporate forests as part of the solution to climate change, and this group's work should be focused on that opportunity.
- It is critical to keep Washington's forest land base intact and provide incentives for landowners to preserve biodiversity and protect endangered species. Whatever system that the group develops to deal with climate change from the standpoint of forests needs to be credible and marketable.
- Pulp and paper mills have great potential in terms of carbon-neutral fuels, not only to meet their own needs but also to export the energy in multiple forms such as grid electricity and biofuels.
- Potential offset purchasers are interested in assuring that the policy process does not preclude participation in regional and national programs.

Discussion of Proposed Draft Principles

Representatives from the environmental community presented a set of draft principles for the Workgroup to consider. These members feel that before the group begins to discuss strategies or elements of design, it should first determine whether the group is in consensus around a set of general principles.

The group agreed on the importance of a set of principles, and several members volunteered to attempt to merge the proposed principles from the environmental community with a previous set of principles put forward by the business community.

Discussion of the Draft Workgroup Charter

The co-conveners reminded the group that its charter reflects the need to strike a balance between the clear legislative direction in E2SHB 2815 and the group's relationship to the 2008 Climate Action Team (CAT). Any recommendations related to offsets or market mechanisms will be made to the legislature through Ecology, CTED, and DNR. Any recommendations that relate to the most promising strategies generated by the 2007 Climate Advisory Team will be reported to the 2008 CAT.

A large part of the group's discussion will revolve around the forestry sector's participation in the market as a voluntary offset provider rather than as a capped entity. The group may or may not attempt to resolve the extent of a future cap, if any, on the forestry sector; the group will decide whether its time and resources are best used attempting to resolve this issue or if members will acknowledge the issue and move on.

Group members provided the following comments on the charter:

- A significant element of E2SHB 2815 is the recognition that industrial biomass production is considered carbon neutral, which is critically important to the forest products sector, particular pulp and paper facilities. This is outlined in Section 3(3) of the bill¹. Members agreed to amend the charter to include this language with the caveat that the group may or may not address the issue of biomass production as a priority (the group's priorities, and the decision-making process for arriving at them, is discussed in a separate section of this summary).
- The group agreed to amend the charter to allow members to designate alternates in the event they are unable to attend a meeting. Designation of alternates will be allowed with the qualification that such designation will not hinder the process in any way.
- Section VI on technical/scientific information will be recognized to include the potential need for economic/market information.

In addition, the group agreed to a method to gauge consensus that is currently being used successfully by the Oregon forest group. When trying to reach a consensus point, the group will use the five-finger approach: holding up 1 finger means strong support, 2 means "ok", 3 means not wild about it but won't block, 4 means I have concerns that need to be discussed before I support, and 5 fingers means no deal. 1 through 3 do not require further discussion. 4 and 5 require further discussion.

Review of Parallel Effort Underway in Oregon

The co-conveners introduced Cameron Smith, policy advisor to Oregon Governor Ted Kulongoski. Cameron is working with the Oregon Department of Forestry's Forest Carbon Workgroup. The Oregon workgroup is looking at a similar set of issues as those under discussion in Washington, and the Forest Sector Workgroup would benefit greatly from their experiences and lessons learned.

Cameron commented that one area the Oregon Forest Carbon Workgroup has not addressed is the concept of complementary measures to a cap and trade system, specifically the host of incentives that could potentially be agreed upon. The majority of productive meeting time for the Oregon Workgroup has been occupied with design parameters for offsets.

¹ Section 3(3) reads as follows: "Except for purposes of reporting, emissions of carbon dioxide from industrial combustion of biomass in the form of fuel wood, wood waste, wood byproducts, and wood residuals shall not be considered a greenhouse gas as long as the region's silvicultural sequestration capacity is maintained or increased."

Both Craig and Stephen have been attending the Forest Carbon Workgroup meetings as observers, and Cameron agreed to provide updates to the Forest Sector Workgroup on the Oregon workgroup's progress.

Priority Focus Areas for the 2008 Forest Sector Workgroup

Given the short time frame to the Workgroup to reach consensus on multiple issues, the group discussed various prioritization strategies. Following a discussion that illuminated the tension between the number of potential topics and the limited time and resources available, Workgroup members agreed to a "homework" assignment. Members will identify the two or three high priority issues they believe merit the Workgroup's attention. Members also agreed to include suggestions for the technical information that would be most useful to creating a working knowledge of the priorities. The co-conveners will then reflect the priorities and technical information suggestions back to the group for their review.

Group members provided the following additional comments:

- Getting early consensus around some of the less contentious issues helps build momentum. However, the group should be cautious about driving some of the really difficult issues too deep into the process since it takes time to build foundational understandings.
- The group's progress will be dependent on well-organized support from the co-conveners and facilitator, including concise meeting materials distributed in advance and well-prepared choices for the group to consider.

Discussion of Forest Sector Workgroup Organization

The group discussed potential methods for working to resolve technical issues to allow group progress on the priority topics. These methods included:

- Creating a technical subgroup that would meet separately from the regular (policy) workgroup and report to the workgroup about specific technical questions.
- Creating an ongoing drafting committee (similar to Oregon).
- Scheduling plenary meetings of the workgroup alternating with subgroup meetings (including the possibility of multiple subgroups meeting simultaneously).
- Scheduling a series of technical presentations to the full group by experts agreed upon by the group.

Group members agreed to send their feedback to the co-conveners on their preferred method, either from the list above or another method.

Next Steps

- Workgroup members will send their feedback to the co-conveners on priorities and group organization with respect to technical questions. The co-conveners will collate the group's feedback and draft a proposed format with priority topics, technical questions, preferred input on technical questions, and a proposed meeting schedule.

- Workgroup members who volunteered to edit the draft principles put forward by the environmental community will report back at the next meeting. (Debora Munguia, Heath Packard, Kevin Raymond, and Steve Stinson)
- The co-conveners will amend the Workgroup's charter as discussed and distribute it to members.
- The co-conveners/facilitators will announce the schedule for future meetings.

Public Comment

Members of the public were given an opportunity to comment either in person or via phone. There were no public comments.

The meeting adjourned at 3:30 pm.